

The Senate

Community Affairs
Legislation Committee

Social Security Legislation Amendment
(Debit Card Trial) Bill 2015 [Provisions]

October 2015

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ISBN 978-1-76010-303-3

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This document was produced by the Senate Community Affairs Committee Secretariat and printed by the Senate Printing Unit, Parliament House, Canberra.

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MEMBERSHIP OF THE COMMITTEE

44th Parliament

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ABBREVIATIONS

AASW	Australian Association of Social Workers
ABA	Australian Bankers' Association
ACOSS	Australian Council of Social Service
ANAO	Australian National Audit Office
Bill	Social Security Legislation Amendment (Debit Card Trial) Bill 2015
CAC	Ceduna Aboriginal Corporation
CYP	Cape York Partnership
DCC	District Council of Ceduna
DPM&C	Department of the Prime Minister and Cabinet
DSS	Department of Social Services
EKCCI	East Kimberley Chamber of Commerce and Industry
EM	Explanatory Memorandum
Forrest Review	Indigenous Jobs and Training Review
FWCHG	Far West Community Heads Group
Minister	Minister for Social Services
MOU	Memorandum of Understanding
NWRN	National Welfare Rights Network
OAIC	Office of the Australian Information Commissioner
Parliamentary Secretary	Parliamentary Secretary to the Prime Minister
PJCHR	Parliamentary Joint Committee on Human Rights

LIST OF RECOMMENDATIONS

Recommendation 1

2.100 The committee recommends that the Minister for Social Services include safety net provisions in the proposed legislative instrument to ensure that vulnerable people impacted by the trial are able to be exited from the trial, where appropriate, to ensure they are not further disadvantaged.

Recommendation 2

2.101 The committee recommends that the Bill be passed.

Chapter 1

Introduction

Referral

1.1 On 20 August 2015, the Senate referred the Social Security Legislation Amendment (Debit Card Trial) Bill 2015 (Bill) to the Senate Community Affairs Legislation Committee for inquiry and report by 12 October 2015.¹

Conduct of the inquiry

1.2 Details of the inquiry, including a link to the Bill and associated documents, were placed on the committee's website. The committee also wrote to 32 organisations and individuals, inviting submissions by 18 September 2015.

1.3 The committee received 34 submissions. Submissions are listed at Appendix 1 and published on the committee's website.

1.4 The committee held a public hearing in Canberra on 11 September 2015.

Background

1.5 In 2013 the then Prime Minister, the Hon Tony Abbott MP, asked Mr Andrew Forrest to lead a review of Indigenous training and employment programs (The Forrest Review).² The Forrest Review made a number of recommendations aimed at ending the disparity in employment outcomes between Indigenous and non-Indigenous Australians, including the introduction of a cashless welfare system known as the Healthy Welfare Card.³ Mr Forrest suggested that a cashless welfare system for vulnerable Australians:

...poses a way of providing stability for families and individuals so they can concentrate on finding employment, providing adequately for their families, and sending their children to school.⁴

1.6 The Bill seeks to enable a trial of cashless welfare arrangements in response to the Forrest Review's recommendations. The Explanatory Memorandum (EM) notes that the purpose of the trial is to test whether cashless welfare arrangements can reduce the habitual abuse and associated harm resulting from alcohol, gambling and illegal drugs. The trial will also test whether cashless welfare arrangements are more effective when community bodies are involved.⁵

1 *Journals of the Senate*, No. 110–20 August 2015, p. 3007.

2 See: Department of the Prime Minister and Cabinet, *Indigenous Jobs and Training Review*, <https://indigenousjobsandtrainingreview.dpmc.gov.au/> (accessed 24 August 2015).

3 Mr Andrew Forrest, *Creating Parity – the Forrest Review*, 2014, pp 27–29.

4 Mr Andrew Forrest, *Creating Parity – the Forrest Review*, 2014, p. 103.

5 Explanatory Memorandum (EM), p. 2.

1.7 In his second reading speech on the Bill, the Parliamentary Secretary (Parliamentary Secretary) to the Prime Minister, the Hon Alan Tudge MP, noted the 'potential upside' of the trial could be:

...a transformed community where women are safer, less money is spent on alcohol and gambling, and more money is available for children's needs.⁶

Purpose and key provisions of the Bill

1.8 The Bill proposes amendments to social security legislation to enable a trial of cashless welfare arrangements during the period 1 February 2016 to 30 June 2018.⁷

Schedule 1 – Trial of cashless welfare arrangements

1.9 This schedule proposes to split welfare payments into restricted and unrestricted portions with the payment of the restricted portion to a bank account to be subject to certain restrictions on access and use.⁸

Restricted bank accounts

1.10 Under the proposed measure, 80 per cent of payments received by trial participants receiving a working age welfare payment would be placed in the restricted bank account. The remaining 20 per cent of payments would be available for use at the trial participant's discretion. The proportion of payments made to the restricted bank account may be varied by legislative instrument.⁹

1.11 In trial locations, payments made to the restricted bank account would be accessed by a debit card. The debit card would not allow the purchase of alcohol and gambling products or cash withdrawals.¹⁰

Role of community bodies

1.12 The measure allows for community bodies in the trial area to participate in the trial. With the agreement of trial participants, the community body may direct the Department of Human Services to lower the restricted proportion of a person's welfare payment (to no less than 50 per cent).¹¹

Determination of trial participants

1.13 Under the proposed measure, the Minister for Social Services (Minister) would determine trial participants by legislative instrument based on a combination of class of person, receipt of particular welfare payments (known as a trigger payment)

6 The Hon Alan Tudge MP, Parliamentary Secretary to the Prime Minister, *House of Representatives Hansard*, 19 August 2015, p. 4.

7 EM, p. 4.

8 EM, p. 2.

9 EM, p. 2.

10 EM, p. 3.

11 EM, p. 2.

and particular trial areas.¹² Other welfare recipients in the trial area would be able to volunteer to participate in the trial.¹³

Trial areas

1.14 The trial would be conducted in up to three discrete trial areas with no more than 10 000 trial participants at any particular time. Trial areas would be selected on the basis of high levels of welfare dependence and where gambling, alcohol and/or drug abuse are causing 'unacceptable levels of harm'.¹⁴

1.15 In his second reading speech on the Bill, the Parliamentary Secretary noted that Ceduna in South Australia would be the first trial area, and that advanced discussions are underway with leaders in the East Kimberley region of Western Australia.¹⁵ In August 2015, the Commonwealth Government signed a Memorandum of Understanding (MOU) with local government and Indigenous groups in Ceduna supporting the trial of the debit card.¹⁶

Financial implications

1.16 The EM notes that the funding associated with the Bill is not publicly available as negotiations with potential commercial providers are yet to be finalised.¹⁷

Consideration by other committees

1.17 The Parliamentary Joint Committee on Human Rights (PJCHR) found the Bill engages and places limits on a number of human rights, including right to a private life, right to social security, right to equality and non-discrimination and right to privacy and sought advice from the Minister on whether the measures were justifiable.¹⁸ The PJCHR had not published the Minister's response prior to the tabling of this report.

Acknowledgement

1.18 The committee thanks those individuals and organisations that made submissions and gave evidence at the public hearing.

12 EM, p. 4.

13 EM, p. 2.

14 EM, p. 4.

15 The Hon Alan Tudge MP, Parliamentary Secretary to the Prime Minister, *House of Representatives Hansard*, 19 August 2015, p. 3.

16 The Hon Alan Tudge MP, 'Ceduna signs MOU to be first trial site for Cashless Welfare Debit Card', Media release, 5 August 2015, <http://alantudge.dpmpc.gov.au/media/2015-08-05/ceduna-mou-cashless-welfare-debit-card> (accessed 2 September 2015).

17 EM, p. [iii].

18 Parliamentary Joint Committee on Human Rights, *Human Rights Scrutiny Report: Twenty-seventh report of the 44th Parliament*, 8 September 2015, pp 20–29.

Note on references

1.19 References to the committee *Hansard* are to the *Proof Hansard*. Page numbers may vary between the proof and official Hansard transcript.

Chapter 2

Key issues

2.1 Most submitters and witnesses expressed support for the objective of the Social Security Legislation Amendment (Debit Card Trial) Bill 2015 (Bill) to reduce the social harm caused by alcohol and gambling. A number of these supported the introduction of the trial as outlined in the Bill, provided it was accompanied by appropriate of wrap-around services, community consultation and a thorough evaluation.¹

2.2 However, a number of submitters and witnesses expressed concern about whether the trial would reduce alcohol and gambling related harm, and the detail in the Bill on how the trial would operate, including:

- the support services that would be provided;
- possible human rights infringements, as raised by the Parliamentary Joint Committee on Human Rights;
- how trial participants would be determined and any exemption categories;
- the level of community consultation in proposed trial sites;
- the role of community bodies;
- how the proposed debit card would operate in practice;
- the proposed evaluation of the trial; and
- cost of the proposed trial.²

2.3 The Parliamentary Secretary, the Hon Alan Tudge MP (Parliamentary Secretary) noted in his second reading speech on the Bill that the trial and accompanying support package:

...will enable those communities to become healthier, to reduce that welfare fuelled alcohol, drug and gambling abuse and, in the process, that women and children can be safer, the community can be safer and more people, overall, can lead better and healthier lives.³

1 See: District Council of Ceduna (DCC), *Submission 1*; Yalata Community Inc, *Submission 6*; Wunan Foundation, *Submission 10*; Ceduna Aboriginal Corporation (CAC), *Submission 12*; Empowered Communities, *Submission 22*; Mr Andrew Forrest, *Submission 26*.

2 See: St Vincent de Paul Society, *Submission 9*; Australian Association of Social Workers, *Submission 13*; National Welfare Rights Network (NWRN), *Submission 17*; Carers Australia, *Submission 18*; Australian Council of Social Service (ACOSS), *Submission 27*; North Australia Aboriginal Justice Agency, *Submission 29*; Aboriginal Health Council of WA, *Submission 31*.

3 The Hon Alan Tudge MP, *House of Representatives Hansard*, 15 September 2015, p. 75.

Reducing alcohol and gambling related harm

2.4 A number of submitters and witnesses expressed support for the trial as an attempt to reduce the social harm caused by alcohol and gambling, particularly in the proposed trial sites of Ceduna and the East Kimberley region.

Ceduna region

2.5 The committee heard that alcohol and gambling related harm is a significant problem in the Ceduna region. The Ceduna Aboriginal Corporation (CAC) submitted that alcohol and drug abuse, including the drug ice, is a particular problem, noting that in 2013-14, there were over 500 admissions to the Ceduna Hospital Emergency Department attributed to alcohol and drug use including assault, and 4 667 admissions to the Sobering-Up Shelter. The CAC also noted that the rate of alcohol related assault in the region is 68 times the national average.⁴

2.6 As a result of the alcohol problems, CAC noted that 'children are going without food and essential clothing and as a result failing to attend school or are subject to all night parties, potential adult violence (assaults), including domestic violence'.⁵ Mr Greg Franks, CEO of the Yalata Community, told the committee:

People in the community are fed up with alcohol harm, family violence, kids not attending school. There is so much harm within our communities that we have to do something.⁶

2.7 The Far West Community Heads Group (FWCHG) representing Indigenous communities in the Ceduna region expressed particular support for the trial.⁷ Mr Michael Haynes, a member of the FWCHG representing the CAC, told the committee the trial provides an opportunity make a positive change in the lives of Aboriginal communities:

In the past, measures to reduce alcohol fuelled violence and chronic alcohol misuse—contributing to the premature deaths of our people—have been tried and tested and have failed. It is our belief that as a first trial site, amongst a possible three across Australia, we now have an opportunity to make positive change in the lives of our people. We also look forward to a fulsome analysis and review of the trial's impact to inform further community based consultations and strategies to reduce the impact of alcohol, substance abuse and gambling on our communities.

Collectively, we seek the support of this inquiry to understand the pain and grief many families have had to endure over many years at the loss of loved ones who have struggled with alcohol addiction, alcohol related violence,

4 *Submission 12*, p. [3].

5 *Submission 12*, p. [2].

6 *Committee Hansard*, 11 September 2015, p. 33.

7 See: CAC, *Submission 12*, p. [2]; Yalata Community Inc, *Submission 6*, p. [5].

premature death attributed to sleeping rough or health related disease caused by excessive drinking.⁸

2.8 Ms Mima Smart OAM, a member of the FWCHG representing the Yalata Community, expressed support for the debit card trial as a way to reduce alcohol abuse:

...there have been a lot of people who have died and a lot of people ending up in hospital because their life was destroyed by alcohol. Instead of being in Ceduna drinking people will now go home to be with their families and teach them culture.⁹

2.9 The committee heard the objectives of the trial were also supported by the non-Indigenous community. In its submission, the District Council of Ceduna (DCC) noted it 'strongly endorses and supports' the proposed trial of the cashless debit card. The DCC noted it views the trial as:

...a life saving measure which will have positive health benefits, significantly improve the quality of life for many and help to put an end to premature and tragic deaths.¹⁰

2.10 The DCC noted that over the past decade, it has initiated or assisted with a range of strategies to address substance abuse in the region, particularly in Indigenous communities. Following a coronial inquest into the deaths of six Indigenous people in the Ceduna area in 2011, the DCC reported that there has been an increased level of coordination between Commonwealth, state and local governments and Indigenous community leaders to address these issues. The DCC noted it is achieving positive outcomes 'to try and improve a very distressing situation'.¹¹ The DCC suggested that it is the 'right time' to trial limiting the availability of cash for welfare recipients to reduce the harm caused by gambling, alcohol and drug abuse, particularly the drug ice:

The best option not yet tried for restricting the availability of drugs, gambling funds and alcohol is clearly the restriction of cash for those who are on benefits. It is clear that many sufferers of alcoholism are on welfare benefits partly because of their illness. Coupled with the steps already implemented we believe that the trial together with the appropriate support measures will help immensely.¹²

2.11 The South Australian Liquor and Gambling Commissioner expressed its support for the trial, noting that previous measures to address issues associated with alcohol abuse have had limited success:

8 Mr Michael Haynes, CEO, Ceduna Aboriginal Corporation, *Committee Hansard*, 11 September 2015, p. 31.

9 Quoted in: Yalata Community Inc, *Submission 6*, p. [5].

10 *Submission 1*, p. 4.

11 *Submission 1*, p. 1.

12 *Submission 1*, p. 3.

In cases where the safety and welfare of a person, their dependents and/or the community at large is threatened as the result of excessive alcohol consumption and alcohol misuse, limiting the income that is available to those individuals to purchase liquor, will contribute to a reduction in unacceptable levels of harm within the community.¹³

East Kimberley region

2.12 The committee also heard that alcohol related harm was a significant problem in the East Kimberley region. In its submission, the Wunan Foundation, representing Indigenous people in the Kununurra area, highlighted that Indigenous people in the East Kimberley region are among the most disadvantaged in Australia and experience high levels of social dysfunction, including widespread drug and alcohol abuse, that result in:

- high rates of family violence (in 2012-13, there were 100 reported incidents of family violence per 1000 people in the East Kimberley, compared to the next highest figure of 43 incidents per 1000 people in the south-eastern region of WA);
- high rates of child abuse and neglect (100 per cent of children in out-of-home care in the East Kimberley region are Indigenous);
- large numbers of children spending their nights on the street rather than returning to unsafe homes;
- increasing rates of Foetal Alcohol Spectrum Disorder; and
- high rates of suicide (the rate of suicide in the Kimberley is 70 per 100 000 people, compared to the national rate of 11 per 100 000 people); and
- high rates of alcohol-fuelled violence (the hospitalisation rate for assault in Kununurra is 68 times higher than the national average due to alcohol-fuelled violence).¹⁴

2.13 In his second reading speech on the Bill, the Parliamentary Secretary noted that Indigenous community leaders in the East Kimberley region representing the Wunan Foundation, MG Corporation and Gelganyem Trust wrote to the Commonwealth Government noting:

We acknowledge that agreeing to the East Kimberley being a trial site for the restricted debit card may seem to some a rather drastic step. However, it is our view that continuing to deliver the same programs we have delivered for the past forty years will do nothing for our people and, besides wasting more time and money, will condemn our children and future generations to a life of poverty and despair. As leaders in the East Kimberley, we cannot accept this.¹⁵

13 *Submission 16*, p. 3.

14 *Submission 10*, pp 1–2.

15 The Hon Alan Tudge MP, *House of Representatives Hansard*, 19 August 2015, p. 2.

2.14 In its submission, the Wunan Foundation noted:

Too many of our people are living broken lives and our most vulnerable – our children and old people – are paying the price. Without radical reform the future looks grim. Wunan strongly believes that the proposed Restricted Debit Card trial could be the catalyst we need to break the devastating cycle of poverty and despair in the East Kimberley.¹⁶

2.15 Mr Ian Trust, Executive Director of the Wunan Foundation, explained that the expected outcome of the trial is to 'stabilise' communities, especially for children:

The people who are suffering the most in all of this are the children. They tell us they are on the street in the first place is, because they do not want to go home because it is unsafe there. There are parties going on during the week and all sorts of things are happening there, so a lot of these kids do not want to go home. It is a situation that we just cannot allow to continue. The initial outcome we would like to see is some stability brought back to these families so that the services that are currently provided by government through NGO organisations and so on can actually have some impact. At the moment, generally, they do not.¹⁷

2.16 Similarly, the East Kimberley Chamber of Commerce and Industry (EKCCI), representing 200 businesses in the region, expressed support for the objectives of the trial:

The introduction of the Cashless Debit Card means welfare income is spent on items that support families being fed, housed and educated, instead of alcohol and drugs. This can only have a positive impact on our region; leading to better education and employment opportunities for our future generations.¹⁸

Efficacy of income management

2.17 A number of submitters and witnesses suggested that the proposed trial was similar to current income management programs across Australia, particularly the Basics Card. These submitters and witnesses expressed concern that income management programs have not been effective in changing behaviours in relation to alcohol abuse or improving social outcomes.¹⁹

2.18 For example, a 2014 evaluation of new income management measures in the Northern Territory, where 50 per cent of welfare payments can only be used to

16 *Submission 10*, p. 3.

17 *Committee Hansard*, 11 September 2015, p. 44.

18 *Submission 5*, p. 2.

19 See: St Vincent de Paul Society, *Submission 9*; AASW, *Submission 13*; Financial Counselling Australia and Consumer Action Law Centre (FCA CALC), *Submission 14*; NWRN, *Submission 17*; Dr Shelley Bielefeld, *Submission 19*; Adjunct Professor Eva Cox, *Submission 24*; Dr Shelley Bielefeld, *Submission 19*; ACOSS, *Submission 27*; Law Society of NSW (LSNSW), *Submission 28*; NAAJA, *Submission 29*; Shire of Halls Creek, *Submission 32*; Professor Ilan Katz and Mr J Rob Bray, *Committee Hansard*, 11 September 2015, pp 6–12.

purchase essential goods and services using the Basics Card, found that there was 'no evidence of changes in spending patterns, including food and alcohol sales'.²⁰ Mr J Rob Bray from the Centre for Aboriginal Economic Policy Research at the Australian National University told the committee the three key findings of the 2014 evaluation were:

- income management 'did not change behaviours and it did not improve outcomes...rather than creating independence the program created greater dependence upon the welfare system';
- there was significant diversity in outcomes, tending to work 'where an individual was very specifically identified as having a problem—then, not only were they income managed but that was part of a group of services being provided to the person—and also where the person was willing to change'; and
- the system could be circumvented and 'where people wanted to get around the system they found ways to do so'.²¹

2.19 However, the Parliamentary Secretary suggested that the proposed trial of cashless welfare arrangements 'is not income management' as it differs significantly from existing income management programs:

There will be no compulsion for anyone to spend their payments in a particular way, although of course people will be encouraged to establish a budget. There will be complete freedom, with the exception of two restricted products [alcohol and gambling].²²

2.20 Mr Andrew Forrest, who proposed the introduction of a 'Healthy Welfare Card' as part of his review of Indigenous Jobs and Training (Forrest Review), also submitted that the trial should not be considered as income management:

It is disappointing that some social service and welfare groups have made submissions attacking this trial and calling the card a form of compulsory income management, when it is not. The technology recommended in the Creating Parity Review, means the recipient of the card may use their card to purchase everything a non-cardholder can purchase, except alcohol or gambling. There is also an amount of cash allowed that can be used at the person's discretion.²³

20 LSNSW, *Submission 28*, p. 2; See: J Rob Bray, Matthew Gray, Kelly Hand and Ilan Katz, *Evaluating New Income Management in the Northern Territory: Final Evaluation Report*, Social Policy Research Centre, University of NSW and Australian National University, September 2014, p. xxi.

21 *Committee Hansard*, 11 September 2015, p. 6.

22 The Hon Alan Tudge MP, 'Solution to grog on the cards', 19 August 2015, <https://alantudge.dpmc.gov.au/media/2015-08-19/solution-grog-cards> (accessed 3 September 2015).

23 *Submission 26*, p. 5.

2.21 Similarly, Professor Marcia Langton AM told the committee that the trial differs significantly from income management programs:

It is quite a different model. Income management works in a kind of reverse way. What is being proposed here will work substantially differently and it is important to trial this in order to see if this kind of approach will work better.²⁴

2.22 The Department of Social Services (DSS) submitted that the trial would build on the experiences of existing income management programs to develop a more effective way to deliver welfare payments and reduce alcohol and gambling related harm:

Unlike the income management programme, which directs a percentage of welfare funds to priority goods and services, trial participants would be able to use the card to buy anything other than alcohol and gambling products. In addition, cash would not be able to be withdrawn from the card, limiting the amount that can be used to purchase illicit drugs. This model will test a more mainstream delivery of welfare restrictions.

The trial is intended to be different from income management. It will build on experiences of income management models across Australia, contributing to the Government's evidence base about what works in welfare payment delivery and identifying improvements.²⁵

Support services

2.23 A number of submitters and witnesses expressed concern that the Bill does not provide for appropriate support services, including financial management and drug and alcohol rehabilitation and counselling, to accompany the introduction of the trial.²⁶ The Commonwealth Ombudsman highlighted in its submission the importance of providing support services to accompany the trial:

Restricting the amount of money a person has available to spend on alcohol is only one of a number of interventions required to address underlying problems faced by individuals. Without investment in other support services, it is difficult to see how the measure will succeed in addressing the long term, underlying causes of the social problems it proposes to address.²⁷

2.24 Similarly, the Australian Council of Social Service (ACOSS) submitted that:

...any trial of the card should only be introduced as part of a wider legislative package that explicitly recognises a range of interventions in the trial sites, including resourcing of complementary services, case

24 *Committee Hansard*, 11 September 2015, p. 2.

25 *Submission 15*, p. 1.

26 See: NWRN, *Submission 17*, p. 11; Cape York Partnership, *Submission 25*, pp 11–12; ACOSS, *Submission 27*, pp 3–4; NAAJA, *Submission 29*, p. 4.

27 *Submission 21*, p. 11.

management to co-ordinate these services and development of employment pathways.²⁸

2.25 The importance of support services in reducing alcohol related harm was also highlighted by the recent report by the House of Representatives Standing Committee on Indigenous Affairs on its inquiry into the harmful use of alcohol in Indigenous communities. The report made a series of recommendations to address alcohol abuse, including that:

Aboriginal and Torres Strait Islander people be provided with better access to a full suite of evidence-based alcohol treatment and support options, bearing in mind that reducing the social and economic drivers of harmful drinking will ultimately make treatment and rehabilitation less necessary.²⁹

2.26 Community groups in the two proposed trial regions noted that their support for the trial was contingent on the provision of appropriate support services. In Ceduna, the FWCHG noted that its support for the trial depended on providing 'wrap around services' to 'ensure that people with substance misuse issues can get access to appropriate counselling and treatment services', including:

- substance abuse support and counselling;
- financial counselling;
- improved early childhood education; and
- improved economic development opportunities including training and employment programs.³⁰

2.27 Mr Greg Franks, CEO of the Yalata Community in the Ceduna region, told the committee:

...whilst we are currently very strongly in favour of the introduction of this trial, if it was to proceed without the support measures that we think are absolutely necessary, then we—certainly from the Yalata's perspective—would become severe critics of this trial. So it is fundamental to proceedings that the support packages are put in place.³¹

2.28 In the East Kimberley region, Indigenous community groups also highlighted that their support for the trial is contingent on the provision of additional support services.³² Empowered Communities, representing eight key Aboriginal organisations in the East Kimberley noted in its submission that their support for the trial is:

28 *Submission 27*, p. 5.

29 House of Representatives Standing Committee on Indigenous Affairs, *Alcohol, hurting people and harming communities: inquiry into the harmful use of alcohol in Aboriginal and Torres Strait Islander communities*, June 2015, p. 78.

30 CAC, *Submission 12*, pp 3–4.

31 *Committee Hansard*, 11 September 2015, p. 36.

32 See: Wunan Foundation, *Submission 10*; Empowered Communities, *Submission 22*.

...subject to the provision of sufficient wrap around services to support its implementation. The enhancement of existing services and the provision of new services is required to cater for the consequences of the trial, which we anticipate to include increased crime and other social issues.³³

2.29 Mr Andrew Forrest told the committee that his original proposal for the Healthy Welfare Card included a range of comprehensive services. Mr Forrest noted his support for the trial was based on an expectation that additional support services, including police and counselling services, would be included:

I look at this as I would look at assisting anyone else who suffers at the hands of alcohol and drug use, and that is to make available to that community and to those people full access to the counselling which they need to transform their lives. If we were to introduce the card without that support, I would be withdrawing my support for the card. People will need personal assistance, and the community will need community assistance, through the transition from the suffering they currently have at the hands of alcohol and drugs to the clarity and the ability to make proper decisions once one comes out the other side.³⁴

2.30 In his second reading speech on the Bill, the Parliamentary Secretary noted that there would be additional supports provided to accompany the introduction of the trial:

Those additional supports will particularly include financial management and financial counselling. They will include additional drug and alcohol counselling or assistance to help people get off that addiction and they will include some mental health assistance as well. Again, we are negotiating with the local community leaders as to what makes sense in those communities to complement the introduction of the card.³⁵

2.31 In the MOU signed between the Commonwealth Government and community groups in Ceduna, the Commonwealth Government has agreed to:

...work with the South Australian Government and community signatories to look at the current services being provided with a view to delivering a tailored package of additional assistance. The package will aim to support individuals and Indigenous communities to tackle their dependence on drugs and alcohol and to improve individual and community capabilities and opportunities.³⁶

33 *Submission 22*, p. 1.

34 *Committee Hansard*, 11 September 2015, p. 38.

35 The Hon Alan Tudge MP, *House of Representatives Hansard*, 15 September 2015, p. 75.

36 MOU between the District Council of Ceduna and key representatives of Indigenous Communities across the Far West Region of South Australia and the Commonwealth of Australia, 4 August 2015, <https://assets.documentcloud.org/documents/2194215/ceduna-memorandum-of-understanding.pdf> (accessed 21 September 2015).

2.32 The Mayor of the District Council of Ceduna, Councillor Allan Suter, told the committee the DCC has been satisfied with the response from the Commonwealth government to requests for support services:

With what has been discussed to date—bearing in mind we have got another meeting next Friday and then a meeting every fortnight, and the trial does not start until February—I am initially very happy with the responses that we are getting to our requests for support services. I am also very happy with the way that various government agencies are now working together effectively, probably for the first time, to address the health issues et cetera that will arise from this change.³⁷

2.33 Mr Michael Haynes told the committee the FWCHG was currently considering a proposal from the Commonwealth government on the types of services that would be provided:

There are proposed additional alcohol and drug support services—this is to undertake intensive AOD [Alcohol and Other Drugs] case management and outreach services. There is a new alcohol and drug brokerage fund, to support the provision of rapid assistance to people affected by drugs and alcohol and their families. And there is a safe transition to the new welfare card for people with substance abuse problems. We will also be looking at supporting Indigenous early childhood services, improved community safety, economic development, employment and training opportunities and financial counselling.³⁸

2.34 Representatives from the Department of the Prime Minister and Cabinet (DPM&C) told the committee DPM&C is currently identifying gaps in current service provision in proposed trial sites to determine what services may need to be made available:

We are doing three things. First, we are having a look at what is there now and trying to identify any gaps. There are gaps anywhere, as we all know, but we are trying to identify the particular things that might be of concern. Second, we are trying to make sure we have the capacity to respond to any increase in need. This is why we are having a trial. It is not yet clear what need we will have to respond to. Third, during the course of the trial we want to watch very carefully so that if there is some unanticipated need that we have not considered, we can respond to it.³⁹

Human rights concerns

2.35 A number of submitters and witnesses expressed concern that the Bill is paternalistic in its approach and risks infringing on the human rights of people

37 *Committee Hansard*, 11 September 2015, p. 14

38 *Committee Hansard*, 11 September 2015, p. 35.

39 Ms Caroline Edwards, First Assistant Secretary, Community Safety and Policy, Department of the Prime Minister and Cabinet (DPM&C), *Committee Hansard*, 11 September 2015, p. 64.

receiving welfare payments.⁴⁰ For example, the St Vincent de Paul Society submitted that:

...we believe that the form of compulsory income management imposed by this Bill is disproportionate, and poses a significant threat to the human rights of people who will be subject to it.⁴¹

2.36 The Australian Human Rights Commissions raised particular concerns about the lack of monitoring and review processes for trial participants:

The Commission highlights the importance of ensuring the participation of affected people in all aspects of the design, delivery and monitoring of the income management measures. This would enable individuals and communities to decide on the most appropriate measures to meet their particular needs and the Government to respond to the specific circumstances of individual people and communities.⁴²

2.37 These concerns were highlighted by the Parliamentary Joint Committee on Human Rights (PJCHR), which noted that restricting how a person can access their social security benefits:

...interferes with the person's right to personal autonomy and therefore their right to a private life. In addition, being able to only access 20 per cent of welfare payments in cash could have serious restrictions on what a person is able to do in their private life.⁴³

2.38 However, Professor Marcia Langton AM, highlighted that the restrictions on how welfare payments may be spent have been agreed to by the local communities in the proposed trial sites and aim to protect communities from the impact of alcohol and gambling related harm:

This is not a paternalistic measure; this is a protective measure that leaders have examined closely and want for their communities because children are unsafe, women are unsafe and, more and more, people are being dragged into the drinking culture and increasing the proportion of drinkers in the community.⁴⁴

2.39 Similarly, Mr Andrew Forrest told the committee:

...this card is not remotely paternalistic. Anything which gives thinking adults caring for community—experienced adults—an ability to further help their community is not paternalistic. To deny those Australians that

40 See: AASW, *Submission 13*, p. 4; NWRN, *Submission 17*, pp 13–14; Law Society of NSW, *Submission 28*, p. [5]; Aboriginal Health Council of WA, *Submission 31*, p. 2; Australian Human Rights Commission, *Submission 33*, pp 1–6; Mrs Susan Thiselton, *Committee Hansard*, 11 September 2015, p. 19.

41 *Submission 9*, p. 7.

42 *Submission 33*, p. 4.

43 Parliamentary Joint Committee on Human Rights (PJCHR), *Human Rights Scrutiny Report: Twenty seventh report of the 44th Parliament*, 8 September 2015, p. 22.

44 *Committee Hansard*, 11 September 2015, p. 1.

basic right without a trial, to deny them access to a better technology which has transformed our own lives in this inquiry...is very paternalistic.⁴⁵

2.40 Mr Greg Franks, a member of the FWCHG representing the Yalata Community told the committee the trial aims to 'reshape' rather than 'restrict' the lives of trial participants:

The card is not a prohibition. People will still have 20 per cent of their income to gamble and socialise with. It is not about restricting people's lives; it is about providing an opportunity for people to reshape their lives and to find a healthy life; and it is about putting the support measures in to help them maintain that healthy life. Returning to community, finding cultural activities to do and helping families rebuild—they are the sorts of things that will make this card work.⁴⁶

2.41 In response to suggestions that the trial would 'breach the rights of welfare recipients to spend welfare payments as they choose', Mr Ian Goodenough MP noted during the second reading debate on the Bill that:

...the community has a justified expectation that governments will take responsible measures to minimise social harm, violence and child neglect. Overall, there has been little public opposition to the trial. The debit cards are less proscriptive than the current BasicsCard, as they do not set expenditure limits on prescribed categories and they are more universally accepted by retailers and service providers as part of the wider Visa, MasterCard and EFTPOS banking platforms.⁴⁷

Disproportionate impact on Indigenous communities

2.42 A number of submissions raised concerns that the trial would disproportionately impact on Indigenous communities, noting that the populations of the proposed trial sites comprise a high proportion of Indigenous people.⁴⁸ The PJCHR's report also noted the measure may have a disproportionate impact on Indigenous people and may constitute indirect discrimination, given that the two proposed trial sites have large Indigenous populations.⁴⁹

2.43 Data provided by DSS indicates that a large proportion of Indigenous people would be affected in both trial sites. In Ceduna, DSS estimated that 72 per cent of people receiving trigger payments identify as Indigenous.⁵⁰ In the East Kimberley

45 *Committee Hansard*, 11 September 2015, p. 38.

46 *Committee Hansard*, 11 September 2015, p. 33.

47 *House of Representatives Hansard*, 15 September 2015, p. 24.

48 See: NWRN, *Submission 17*, pp 13 – 14; LSNSW, *Submission 28*, pp [4–5].

49 PJCHR, *Human Rights Scrutiny Report: Twenty seventh report of the 44th Parliament*, 8 September 2015, pp 26–27.

50 Department of Social Services, response to questions on notice, 11 September 2015 (received 25 September 2015).

region, approximately 91 per cent of people receiving trigger payments identify as Indigenous.⁵¹

2.44 Professor Marcia Langton AM told the committee that the trial outlined in the Bill does not discriminate on the basis of race:

The proposition is not race based. Both of these towns are open towns that have multicultural populations, including Australian settler folk, various kinds of Australians from elsewhere in the world, and very large Aboriginal populations—and much larger Aboriginal populations in the Hinterland of these towns. I was at an event on Saturday in Kununurra, where everybody in the community, whatever their cultural background, were unanimous in their support for this trial.⁵²

2.45 The Parliamentary Secretary emphasised that the trial sites will include both Indigenous and non-Indigenous participants and have been selected:

...on the basis of high levels of welfare dependence, where gambling, alcohol and illegal drug abuse are causing unacceptable levels of harm and there is an openness to participate from within the community.⁵³

Determination of trial participants

Proportion of restricted payments

2.46 Some submitters and witnesses expressed concern that the proportion of welfare payments available in cash under the proposed trial was too low, particularly for those on the lowest support payments.⁵⁴ Submitters highlighted that access to cash was particularly important for people on lower incomes. Adjunct Professor Eva Cox told the committee:

The inability to have access to cash, having to find a place that takes the cards, to not be able to go to, say, markets, to not be able to trek around and buy things at garage sales and various other things—if you are poor, it actually removes your capacity to be in control of your money. Having it on that card, even if it is not a green card that you can be identified with at the cash register—which was embarrassing—is not going to be useful.⁵⁵

2.47 In particular, Carers Australia expressed concern that the trial would have a disproportionate impact on formal and informal carers receiving either a carer payment or other welfare payment:

...a restricted cash amount of 20 per cent is simply too low, and has the potential to cause significant hardship to Trial participants. Carers Australia

51 Mr Mathew Johnston, Executive Manager, Welfare Debit Card Taskforce, DSS, *Committee Hansard*, 11 September 2015, p. 58.

52 *Committee Hansard*, 11 September 2015, p. 2.

53 The Hon Alan Tudge MP, Parliamentary Secretary to the Prime Minister, *House of Representatives Hansard*, 19 August 2015, p. 3.

54 NWRN, *Submission 17*, p. 5.

55 *Committee Hansard*, 11 September 2015, p. 27.

notes that many unpaid carers with substantial caring responsibilities are not eligible for Carer Payment and are in receipt of a range of other social security payments including Newstart Allowance and the Disability Support Pension (DSP).⁵⁶

2.48 However, in its submission, the CAC highlighted that the trial 'will not change the amount a person receives [in] their payment only the way in which a person receives the payment'. Table 2.1 outlines the proportion of payments that would be available in cash to selected welfare recipients, as estimated by CAC.

Table 2.1 – Proportion of restricted payments

Type of payment	Total	Restricted (80%)	Cash (20%)
Newstart Allowance per fortnight for a Single person in private rental	\$657	\$526	\$131
Parenting Payment Allowance per fortnight for a Single person with 4 Children in private rental	\$2 131	\$1 705	\$426

Source: Ceduna Aboriginal Corporation, *Submission 12*, pp [2–3].

2.49 The Parliamentary Secretary noted that the proportion of available cash was developed and agreed to by community leaders in Ceduna. While the Forrest Review recommended that 100 per cent of payment be placed on a restricted card, community leaders in Ceduna noted this was not practical:

We're not yet in a cashless economy. There's still some things you do need cash for. It might be the kids [sic] tuck shop, it might be the local bus, things like that. In addition, this was what was agreed with the community leaders. We discussed this at length and the community leaders settled on this figure that 80 per cent should be placed on the card and 20 per cent into people's cash accounts.⁵⁷

Trigger payments

2.50 A number of submissions raised concerns that determining trial participants by trigger payments rather than individual circumstances may risk having a detrimental impact on the wellbeing of welfare recipients.⁵⁸ The Australian Association of Social Workers (AASW) submitted that:

Within the trial sites there will be a large number of welfare recipients who manage their scarce resources well and who do not have a problem with

56 Carers Australia, *Submission 18*, p. 1.

57 The Hon Alan Tudge MP, Parliamentary Secretary to the Prime Minister, Doorstop, Ceduna, 5 August 2015, <https://alantudge.dpmc.gov.au/media/2015-08-05/doorstop-ceduna-sa> (accessed 6 October 2015).

58 See: Commonwealth Ombudsman, *Submission 21*, p. 5; NWRN, *Submission 17*, pp 8–10; ACOSS, *Submission 27*, p. 2.

alcohol, illegal drugs or gambling. Their normal patterns of financial management will be disrupted yet they will gain nothing from the trial.⁵⁹

2.51 The committee heard from a number of people living in the proposed trial site region of Ceduna who expressed concern that they may be affected by the trial.⁶⁰ One Ceduna resident noted in their submission that as they receive one of the trigger payments listed in the EM, they may be subject to the trial, even though they have no history of alcohol or gambling abuse, expressing concern that:

...as a person who suffers chronic illnesses the proposed changes and implementation of income management will take away one of the few areas of dignity and worth I feel that is open to me that being the ability to manage our financial affairs and act in an independent manner.⁶¹

2.52 Mr David Pav, a Ceduna resident, told the committee he was concerned about the lack of a targeted approach to assist those members of the community with significant alcohol abuse problems:

...we are probably concerned more about the shotgun or blunderbuss approach to dealing with the problem rather than a surgical attack on the problem. There are 40 to 100 people who are considered as hard-core drinkers and problematic. The mayor has been on record countless times saying that. Why are we attacking the problem with a shotgun rather than targeting those people who are at risk and are the problem?⁶²

2.53 In the Ceduna region, DSS estimated that of the 4 227 people in the region, 807 are receiving trigger payments. The largest proportion receive the Newstart allowance (347) followed by disability support pension (196) and single parenting payment (95).⁶³ In the East Kimberley region, DSS estimated that of the approximately 11 300 people in the total population, around 2 700 would be receiving trigger payments.⁶⁴

Mandatory participation and lack of exemptions

2.54 A number of submitters and witnesses expressed concern about the mandatory nature of the trial, noting that existing income management strategies were shown to be most effective when participation was voluntary.⁶⁵ Financial Counselling Australia

59 AASW, *Submission 13*, p. 4.

60 See: Mr Peter Pav, *Submission 2*; Name withheld, *Submission 3*; Name withheld, *Submission 4*; Mrs Suzanne Haseldine and Mrs Susan Thiselton, *Submission 7*; Mr Grant Thiselton, *Submission 7*; Mrs Rosemary Manchin, *Submission 30*.

61 *Submission 3*, p. 6.

62 *Committee Hansard*, 11 September 2015, p. 23.

63 DSS, response to questions on notice, 11 September 2015 (received 25 September 2015).

64 Mr Mathew Johnston, Executive Manager, Welfare Debit Card Taskforce, DSS, *Committee Hansard*, 11 September 2015, p. 58.

65 See: Law Society of NSW, *Submission 28*, p. [5]; NWRN, *Submission 17*, p. 17.

and the Consumer Action Law Centre expressed concern about the 'the imposition of mandatory income management' in improving financial capability, noting that:

Financial counsellors work from a model of empowerment and in a non-judgmental way – the best way to effect positive and sustainable change is for people to make and give effect to their own choices.⁶⁶

2.55 Further, a number of submitters expressed concern about the lack of exemption categories, and the lack of incentives to transition from the trial and welfare dependence.⁶⁷ Mr Ian Trust from the Wunan Foundation told the committee:

...we need to know exactly how we are going to assist people in trying to get off that card, besides full-time employment. You have single mothers with a couple of kids who cannot have full-time employment... You have got many young people sitting in the East Kimberley Job Pathways for four hours a day. If they are going to be affected too and get only 20 per cent of their dollars... why should they go and work four hours a day if their money is going to be restricted anyway?⁶⁸

2.56 The Cape York Partnership (CYP) suggested that the Bill does not go far enough to reform how welfare payments are delivered. CYP noted that the model of income management in Cape York had been successful in building financial capability, but is supported by a range of measures and incentives to assist people transition from welfare dependence:

Motivating communities, families and individuals to change must be central to the task of overcoming welfare dependence. Reforms to the welfare system must link people to increased opportunity. In this way we can far more effectively mobilise people to change their lives, and those of generations to follow, for the better.⁶⁹

2.57 Similarly, the Commonwealth Ombudsman recommended consideration of the recommendation by the Australian National Audit Office (ANAO) in its 2013 review of new income management in the Northern Territory to develop:

...strategies to assist customers to exit income management where appropriate. This office supports the ANAO's position and suggests that, given the proposed debit card scheme has a similar objective of encouraging socially responsible behaviour, this recommendation should be considered in the context of the Bill.⁷⁰

66 *Submission 14*, p. 2

67 See: NWRN, *Submission 17*, pp 8–9; Cape York Partnership, *Submission 25*, pp 11–12.

68 *Committee Hansard*, 11 September 2015, p. 48.

69 Cape York Partnership (CYP), *Submission 25*, p. 12. For further examination of the differences between the Cape York Welfare Reform Trial and the proposed Debit Card Trial, see: Professor Ilan Katz and Mr J Rob Bray, response to question on notice, 11 September 2015), received 6 October 2015.

70 *Submission 21*, p. 12.

2.58 Further, the Commonwealth Ombudsman recommended the introduction of safety net provisions:

...to ensure that vulnerable people impacted by the scheme are able to be exited from the measure, where appropriate, to ensure they are not further disadvantaged.⁷¹

2.59 According to the EM, trial participants will be determined by legislative instrument. The legislative instrument may use multiple factors to determine whether trigger payments will apply. For example, the legislative instrument may determine that a trigger payment will only apply in respect of a particular class of person living within the trial area.⁷² Representatives from DSS clarified that the 'class of person' defined by the legislative instrument 'could incorporate both people on a particular payment and potentially other features such as being under a certain age'.⁷³

Impact on non-trial participants

2.60 Submitters expressed concern about the possible impact of the trial on community members who do not participate in the trial. The Shire of Halls Creek expressed particular concern that elderly people on the age pension will be particularly vulnerable to 'humbugging' (pressured to provide money to relatives), or theft as they will continue to receive their payments in cash.⁷⁴

2.61 Professor Marcia Langton AM explained the concept of 'humbugging' or 'demand sharing' in Indigenous communities to the committee:

...demand sharing is requests from relations, even distant kin folk. These societies have become perverted by generations of poverty and welfare dependence to the extent that it is now impossible for a social security dependent nuclear Aboriginal family—they are never really nuclear, but let us say a typical household in a typical house in a town—to be able to afford to feed their family in the second week after the payment. The reason is the pressure they are under to give money to people. They can even have their money taken from them by force...The humbugging is the critical problem and most of the humbugging is done by men—of all ages. They take the money for alcohol, drugs, gambling or pornography, or they just take it because they can.⁷⁵

2.62 As noted in the EM, under proposed section 124PH, people on the age pension or other welfare payments are able to volunteer for the trial to protect themselves from potential 'humbugging' and may withdraw at any time:

71 *Submission 21*, p. 12.

72 EM, p. 4.

73 Dr Roslyn Baxter, Group Manager, Families Group, DSS, *Committee Hansard*, 11 September 2015, p. 67.

74 *Submission 32*, p. 3.

75 *Committee Hansard*, 11 September 2015, p. 2.

An age pension recipient may choose to volunteer for cashless welfare arrangements if they are experiencing financial harassment and wish to safeguard the use of and access to their income support through a restricted account.⁷⁶

Consultations with potential trial sites

2.63 A number of submitters highlighted the importance of engaging local communities through consultation prior to the introduction of the trial.⁷⁷ In the Ceduna region, the committee heard that the community groups consulted were largely supportive of the trial. Mayor Allan Suter told the committee that the DCC had publicised widely and received strong support from both the Indigenous and non-Indigenous communities:

...we let it be known publicly that we were investigating the possibility of a trial of the cashless debit card. There has been quite a bit of publicity in the local press and on ABC Radio. We have, through the nine elected members of council, consulted extremely widely, and I am very confident when I say that in excess of 95 per cent of the residents of the Ceduna district are supportive of this trial.⁷⁸

2.64 Similarly, Mr Ron Redford from the Ceduna Business and Tourism Association noted that the community response had been largely positive:

...by and large the Ceduna Business and Tourism Association is wholly and solely behind the initiative. In fact, I have not heard one word against the proposal from anybody within our committee. The feedback, as I understand it, from the members who have been contacted has been very positive.⁷⁹

2.65 In his second reading speech, the Parliamentary Secretary noted that the Indigenous representatives from the FWCHG strongly supported the trial, advising that:

We want to build a future for our younger generation to aspire to and believe we cannot do this if our families are caught up in the destructive cycle of alcohol or drugs that destroys our culture, our lands and our communities.

At the heart of this reform is a change that is being shaped specifically to meet our local needs. It has been a true collaboration to ensure that we can give our mob and our Communities every chance to create real and genuine change in their lives.

76 EM, p. 5.

77 See: NWRN, *Submission 17*, p. 3; ACOSS, *Submission 27*, p. 3; NAAJA, *Submission 29*, pp 4-5.

78 *Committee Hansard*, 11 September 2015, p. 12.

79 *Committee Hansard*, 11 September 2015, p. 18.

We have grasped this initiative; we have helped shape this initiative; and we are confident that this initiative is for the betterment of all people within our region.⁸⁰

2.66 In their submission, the CAC noted that local Indigenous communities were supportive of the trial and actively engaged in determining how it would operate:

Overall, Leaders across all communities in the far west region have been given the opportunity to work with Local, State and the Federal to help shape what we believe are adequate measures to ensure our peoples entitlements are not misused in manners that are detrimental to themselves and families.⁸¹

2.67 Mr Corey McLennan, a member of the FWCHG representing the Koonibba Community Aboriginal Corporation, told the committee that local Indigenous communities had taken a leadership role in the debit trial consultations:

We have taken the stance to lead the government in this particular initiative. The government has not come to us and said that this is the ideal way for us to be moving forward. They came to us with some options. We, as a community collective leadership group, who meet once a week about all issues surrounding our people, thought this was an opportunity that we helped build the parameters around so that it can be of benefit for our community.⁸²

2.68 Mr Andrew Forrest noted in his submission that participation in the trial was supported and led by local Indigenous communities:

It is these communities and their respective elders and local councils who want the trials. The trials are to test whether the debit cards will work for the majority of those who battle with their addictions. We acknowledge that it is not going to work for every recipient, but it is a start on a long road of providing communities with the power and the resources to help themselves.⁸³

2.69 However, some submitters and witnesses from the Ceduna region expressed concern that they were not consulted on the introduction of the trial. For example, Mr Peter Pav told the committee:

The first time we heard of the trial of this card that is supposed to be trialled here was when it was announced that it had been signed off on.⁸⁴

2.70 These witnesses expressed concern that the organisations consulted did not represent the whole community. Mrs Suzanne Heseldine told the committee:

80 The Hon Alan Tudge MP, *House of Representatives Hansard*, 19 August 2015, p. 2.

81 *Submission 12*, p. [4].

82 *Committee Hansard*, 11 September 2015, p. 32.

83 *Submission 26*, p. 4.

84 *Committee Hansard*, 11 September 2015, p. 20.

You are speaking to the few people out of an organisation, you are not speaking to the people, the community. You are just talking to a few people that it would never affect anyway unless they got awfully sick and had to go on a Centrelink payment.⁸⁵

2.71 In the East Kimberley region, the Shire of Halls Creek submitted that it did not support the introduction of the trial in Halls Creek. The Shire noted that DPM&C did not engage in consultations until after the Bill was already introduced, indicating that 'the views of the Shire of Halls Creek were not considered'.⁸⁶

2.72 In the 2015 Budget, the government announced \$2.7 million for consultation and testing the feasibility of the debit card trial.⁸⁷ At the 2015 Budget estimates, DSS advised that community consultations in proposed trial sites included:

Aboriginal leaders, family violence service providers, family support services, education providers, health providers, rehabilitation service providers, police, local government, State Government agencies, and Commonwealth Department of Human Services local staff.⁸⁸

2.73 The committee heard that DPM&C had led consultations with DSS and a range of community groups in the Ceduna and East Kimberley region. DPM&C provided the committee with an extensive list of organisations consulted in both the Ceduna and East Kimberley regions that included Indigenous and non-Indigenous groups.⁸⁹

Role of community bodies

2.74 A number of submitters expressed concern about the lack of detail in the Bill about how community bodies may be appointed, how they will be funded and what appeals processes would be available to individuals seeking to alter the restricted proportion of their welfare payments.⁹⁰ The National Welfare Rights Network expressed particular concern that the Bill does not provide Centrelink discretion to vary the proportion of welfare payments, and that a person in dispute with a community body would have no effective appeal mechanism.⁹¹

85 *Committee Hansard*, 11 September 2015, p. 22.

86 *Submission 32*, p. 7.

87 Budget 2015–16, *Budget Paper No. 2: Budget Measures*, Part 2: Expense Measures, Social Services, http://budget.gov.au/2015-16/content/bp2/html/bp2_expense-20.htm (accessed 3 September 2015).

88 DSS, answer to question on notice SQ15-000691, 4 June 2015 (received 13 July 2015), http://www.aph.gov.au/Parliamentary_Business/Senate_Estimates/claccte/estimates/bud1516/Social%20Services/index (accessed 3 September 2015).

89 DPM&C, Consultations in Ceduna and the East Kimberley, tabled 11 September 2015, http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs/Debit_Card_Trial/Additional_Documents (accessed 30 September 2015).

90 See: Name withheld, *Submission 4*, p. 3; NWRN, *Submission 17*, p. 7; ACOSS, *Submission 27*, p. 4; NAAJA, *Submission 29*, pp 14–15;

91 NWRN, *Submission 17*, p. 7.

2.75 Representatives from DPM&C told the committee that the role and function of community bodies would be developed in consultation with the communities involved:

That is a matter we will want to work through with the community. We are expecting the community would nominate that and work up the proposal. It is something that we are providing as an option in a location that would be a trial. It is one that both the Ceduna community and those we have been talking to in Kununurra are interested in. It is really at a reasonably early level of development, because we want it to be led. It could be a range of different arrangements.⁹²

Privacy issues

2.76 Submitters, including the Office of the Australian Information Commissioner (OAIC), expressed concern about proposed sections 124PN and 124PO of the Bill that allow the disclosure of information about a person involved in the trial between DHS, financial institutions and community bodies.⁹³ These proposed sections would invoke the exception in Australian Privacy Principle 6.2(b) contained in the *Privacy Act 1998* which permits the use and disclosure of personal information where it is authorised or required by law. The OAIC noted that in considering personal information handling issues:

...it is important to note the potential for an individual to be embarrassed or discriminated against as a result of the mishandling of this information, particularly in small regional or remote communities. The challenge is to ensure that the scheme contains appropriate privacy safeguards regarding the handling of individuals' personal information, while meeting the overall public policy objective.⁹⁴

2.77 The PJCHR also raised concerns about provisions which allow the disclosure of information about a person involved in the trial, noting the disclosure of information 'engages and limits the right to privacy'. The PJCHR sought advice from the Minister on whether the limitation is reasonable and proportionate.⁹⁵

2.78 The OAIC encouraged the use of a Privacy Impact Assessment now and at the conclusion of the trial in 2018 to assess:

...the potential privacy impacts of the trial and ensure that the personal information handling activities are accompanied by an appropriate level of privacy safeguards and accountability.⁹⁶

92 Ms Caroline Edwards, First Assistant Secretary, Community Safety and Policy, Department of the Prime Minister and Cabinet, *Committee Hansard*, 11 September 2015, p. 66.

93 See: NWRN, *Supplementary Submission 17*, pp 1–2.

94 *Submission 20*, p. 1.

95 PJCHR, *Human rights scrutiny report, twenty-seventh report of the 44th Parliament*, 8 September 2015, pp 28–29.

96 *Submission 20*, p. 2.

2.79 In response to the OAIC's concerns, DSS provided the committee with a copy of the Privacy Impact Assessment prepared for the trial, outlining the proposed safeguards to manage the handling of personal information. DSS explained that:

There is a clear, rational connection between sections 124PN and PO and the objectives they are trying to achieve. In the absence of these sections, information could not be shared between Government and the financial institution(s)/community body, and the trial could not be implemented. Sections 124PN and PO do not provide a blanket exemption from privacy laws for Government/the financial institution(s)/the community body – they simply allow the sharing of information that would otherwise be prohibited. This means there are still safeguards in place to protect individual privacy.⁹⁷

Operation of debit card

2.80 A number of submissions expressed concern about the lack of detail in the Bill about the practical operation of the debit card, including accessibility in trial locations, replacement of lost cards and how alcohol and gambling products would be prohibited.⁹⁸

2.81 In addition, submitters raised concerns about whether fees would be applied by financial institutions for the use of the restricted bank account. For example, Financial Counselling Australia and the Consumer Action Law Centre expressed concern that the trial could interfere with consumer sovereignty recommended that account fees and charges on restricted back accounts be prohibited.⁹⁹

2.82 Representatives from DSS clarified that the proposed debit card:

...would look and operate like a normal banking card and would work at all shops except those that are selling the restricted products of either alcohol products or gambling services. It will also not be able to be used to withdraw cash. A commercial financial institution would be responsible for providing both the accounts and the debit cards, and trial participants would become customers of that financial institution...That financial institution would be responsible for providing all services, general account inquiries, forgotten PINS, replacement cards and handling complaints. There would be a number of services available to support people who would be using the restricted debit card, including online services, access to mobile apps and SMS, if people need to receive extra account balances that way. To all intents and purposes the idea is that it would operate like a normal banking product.¹⁰⁰

97 DSS, response to question on notice, 25 September 2015 (received 6 October 2015).

98 See: NWRN, *Submission 17*, pp 9–11; ACOSS, *Submission 27*, pp 3–4; NAAJA, *Submission 29*, pp 7–13.

99 *Submission 14*, p. 3.

100 Dr Roslyn Baxter, Group Manager, Families Group, DSS, *Committee Hansard*, 11 September 2015, p. 53.

2.83 Mr Forrest told the committee he had received advice that the technology was available to facilitate the implementation of a cashless debit card:

I did go straight to the chief executives of the four major banks before including the card as a cornerstone of the *Creating Parity* review and was assured by them that the technology was available. They knew that there would be some work involved on their side, which fortunately we have now gone through, and now we have a situation where the technology can be applied...It will be a mainstream bank-issued debit and credit card, which is, of course, entirely different to the clunky, non-financial-services-orientated BasicsCard.¹⁰¹

2.84 In its submission to the Forrest Review, the Australian Bankers' Association (ABA) warned that there would be a number of technical and practical challenges to implementing a cashless debit card and would require substantive changes at all levels of the electronic payment system.¹⁰² In its submission to the inquiry, the ABA noted that it was:

...pleased the Federal Government has taken on board our concerns regarding the technical and practical feasibility of the Healthy Welfare Card as originally contemplated and has decided to conduct a 12 month pilot in a different and less complicated form.¹⁰³

2.85 The Parliamentary Secretary noted in his second reading speech, that the government was 'still working through that [operation of the card] with the financial services provider that we are contracting with to deliver the card'.¹⁰⁴ Representatives from DSS noted they are 'still in negotiations and conversations with financial institutions as to the exact arrangements' of how the restricted bank account would function.¹⁰⁵

Evaluation of trial

2.86 A number of submissions highlighted the importance of conducting a thorough evaluation of the trial to determine its effectiveness in reducing alcohol and gambling related harm.¹⁰⁶ The AASW expressed concern that a 12 month trial would not be long enough to assess the impact of the debit card trial on the proposed communities.¹⁰⁷

101 *Committee Hansard*, 11 September 2015, p. 39.

102 Australian Bankers' Association, 'Submission to *Creating Parity – the Forrest Review*', 19 September 2014, p. 3, http://indigenousjobsandtrainingreview.dpvc.gov.au/sites/default/files/get-involved/public-submissions/australian_bankers_association.pdf (accessed 2 September 2015).

103 *Submission 23*, p. 1.

104 The Hon Alan Tudge MP, *House of Representatives Hansard*, 15 September 2015, p. 75.

105 Dr Roslyn Baxter, Group Manager, Families Group, DSS, *Committee Hansard*, 11 September 2015, p. 54.

106 See: ACOSS, *Submission 27*, p. 4; NAAJA, *Submission 29*, p. 3.

107 *Submission 13*, pp 3–4.

- 2.87 In his second reading speech, the Parliamentary Secretary noted that:
- ...there will be a detailed evaluation process which will be undertaken. It will be an independent evaluation, and by and large we will be tracking the main harm indicators in the community as well as taking some qualitative assessments.¹⁰⁸
- 2.88 The Parliamentary Secretary further noted that in each trial location:
- ...the trial will last just 12 months unless of course there is a demonstrable improvement and there is a desire for the trial to continue beyond that. The firm intent is that this is a 12-month trial in each particular location.¹⁰⁹
- 2.89 In its submission, DSS emphasised that it will undertake a thorough evaluation of the trial:
- The trial is limited in scope – a trial in the true sense – and will include an independent comprehensive evaluation considering the impact of limiting the amount of welfare funds on community level harm. The evaluation will include qualitative and quantitative data analysis providing clear findings for Government and the communities.¹¹⁰
- 2.90 Representatives from DSS clarified that the proposed 'independent and comprehensive' evaluation would include:

...both quantitative and qualitative information to look at the measurable social change in the trial communities. We are looking at exploring data sets that include both commonwealth, and state and territory government collections. We anticipate that they will have a level of detail that has not been available in previous evaluations. It is likely to include, but not be limited to, hospitalisations, incidence of domestic violence, crime, changes in demand for drug and alcohol services, alcohol sales, gambling rates and any indicators that we are able to obtain in relation to drug use as well.

In the planning stages that we are up to at the moment we are anticipating that the evaluation will also canvass the opinions of trial participants, service providers in the community and individuals in the community so that we can really develop our understanding of the broader impact of the trial on community functioning. We are also looking at a specialist analysis that will explore the card's electronic function—how its functionality has worked and how viable that has been. There will be a stream of it that looks at that commercialisation piece and how effective that has been. Again recognising the stage of the evaluation that we are at, the objectives are whether the introduction of a cashless card in that community has corresponded with this change in community harm.¹¹¹

108 The Hon Alan Tudge MP, *House of Representatives Hansard*, 15 September 2015, p. 75.

109 *House of Representatives Hansard*, 15 September 2015, p. 75.

110 *Submission 15*, p. 2.

111 Dr Roslyn Baxter, Group Manager, Families Group, DSS, *Committee Hansard*, 11 September 2015, pp 58–59.

Cost of trial

2.91 A number of submissions raised concerns about the cost of the trial noting the high costs of existing income management programs.¹¹² According to the Parliamentary Library, between 2005–06 and 2014–15 income management has cost the Commonwealth Government around \$1 billion.¹¹³ In the 2015–16 Budget, the government announced funding of \$146.7 million over two years for the continuation of income management in existing sites until 30 June 2017.¹¹⁴

2.92 The Parliamentary Secretary has said that the operating costs of the proposed debit card 'will be significantly lower than the operating costs of the BasicsCard'.¹¹⁵ The Forrest Review suggested that the use of existing terminals would be more cost effective to manage than the BasicsCard as it would not require any specialised infrastructure.¹¹⁶

2.93 DSS noted at the committee's public hearing that it was unable to discuss the final costs of the trial as negotiations with financial institutions were still in process.¹¹⁷ DSS confirmed advice provided at the 2015 Budget estimates, that funding for the trial 'might be found in the contingency reserve', but that appropriation details have not yet been decided.¹¹⁸

Committee view

2.94 The committee acknowledges that the Bill offers an opportunity to trial measures to reduce alcohol and gambling related harm and improve outcomes in welfare dependent communities. The committee recognises that DPM&C and DSS have consulted widely with Indigenous and non-Indigenous community groups to ensure that the trial has significant community support. While the committee acknowledges that there may be some opposition to the trial, it is satisfied that the ongoing consultation process will ensure these concerns will be addressed as the trial is implemented.

2.95 The committee also acknowledges that the trial outlined in the Bill is not a panacea to resolve social dysfunction caused by alcohol and gambling related harm

112 See: NWRN, *Submission 17*, p. 15; Dr Shelley Bielefeld, *Submission 19*, p. 15.

113 Don Arthur, 'Income management', *Parliamentary Library Budget review 2015-16*, http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/BudgetReview201516/Income (accessed 2 September 2015).

114 DSS, answer to question on notice SQ15-000805, 4 June 2015 (received 15 July 2015), http://www.aph.gov.au/Parliamentary_Business/Senate_Estimates/claccte/estimates/bud1516/Social%20Services/index (accessed 3 September 2015).

115 The Hon Alan Tudge MP, Doorstop, Canberra, 19 August 2015, <https://alantudge.dpmc.gov.au/media/2015-08-19/doors-canberra> (accessed 3 September 2015).

116 *Creating Parity – the Forrest Review*, 2014, p. 106.

117 Dr Roslyn Baxter, Group Manager, Families Group, Department of Social Services, *Committee Hansard*, 11 September 2015, p. 54.

118 Mr Finn Pratt, Secretary, DSS, *Estimates Hansard*, 4 June 2015, p. 72.

and must be accompanied by a range of support services, including financial counselling and drug and alcohol rehabilitation. The committee is satisfied that the consultation process DSS and DPM&C are undertaking with proposed trial communities to develop a support tailored support package will ensure services are provided to meet their specific needs.

2.96 The committee further acknowledges concerns, such as those raised by the PJCHR, that the Bill risks infringing on the human rights of trial participants. However, the committee is satisfied that the trial is strongly supported by community leaders in the proposed trial communities in Ceduna and the East Kimberley. The committee considers that the expected benefits of the trial to reduce the social harm caused by alcohol and gambling, particularly for children, justify the measures outlined in the Bill.

2.97 The committee recognises that practical details about how the trial will operate are not included in the Bill, such as the determination of trial participants, role of community bodies, practical operation of the debit card and evaluation process, and will be outlined in a proposed legislative instrument. The committee is satisfied that consultation processes to be undertaken by DSS and DPM&C will ensure the proposed communities have the opportunity to contribute to the development of these measures as the trial is implemented. The committee is also satisfied that the proposed legislative instrument will be subject to parliamentary scrutiny.

2.98 The committee recognises particular concerns about the need for safety net provisions raised by the Commonwealth Ombudsman to ensure disadvantaged welfare recipients are not further disadvantaged by the introduction of the trial. The committee considers that these issues should be addressed prior to the implementation of the trial in February 2016.

2.99 The committee recognises concerns about the potential cost of the trial. The committee is satisfied that by using existing infrastructure, the implementation of the trial will be significantly more cost effective than the Basics Card and other income management programs.

Recommendation 1

2.100 The committee recommends that the Minister for Social Services include safety net provisions in the proposed legislative instrument to ensure that vulnerable people impacted by the trial are able to be exited from the trial, where appropriate, to ensure they are not further disadvantaged.

Recommendation 2

2.101 The committee recommends that the Bill be passed.

Senator Zed Seselja

Chair

Additional Comments from Labor Senators

Introduction

1.1 Labor Senators are concerned that the proposed debit card trial and related Bill is not sufficiently comprehensive to meet its stated aims – to tackle alcohol, drug and gambling abuse and the harm it causes in particular communities.

1.2 Labor Senators are also concerned that there was not sufficient evidence provided about how the Bill will operate and notes that many of the details are yet to be worked through.

1.3 Labor Senators also heard there was a level of confusion about what had been agreed for the proposed trial and shares concern that the consultations on the trial have been unsatisfactory to date.

1.4 Labor Senators are aware that Assistant Minister Tudge has provided some additional information relating to the trial in Ceduna, outside of the Senate Inquiry process and in response to a letter from the Hon Jenny Macklin MP, Labor Spokesperson for Families and the Hon Shayne Neumann MP, Labor Spokesperson for Indigenous Affairs about many of the concerns shared by Labor Senators and submissions to the Inquiry.

1.5 However, as this additional information was provided by Assistant Minister Tudge on the afternoon of 11 October 2015, after public submissions had closed, this information could not be examined as part of the Inquiry process.

1.6 Labor Senators agree that the situation in relation to alcohol abuse and harm in the proposed trial locations is serious and there is a desperate need for action to support long term change. However, Labor Senators reject Assistant Minister Tudge's characterisation that Labor is turning their back on what community leaders are saying or that we are placing the trial at risk by asking additional questions about the trial. This is scaremongering and is avoiding fulsome scrutiny of the legislation.

1.7 To rush proper consideration of the legislation and its implications is irresponsible and could potentially undermine the long term outcomes sought. Labor Senators are committed to supporting community leaders respond to the harm caused in their communities through fulsome consideration of the legislation and its implications, and this will ultimately support a better long term outcome for people living in the proposed trial communities.

Issues

1.8 Labor Senators note that tackling drug, alcohol and gambling abuse is complex and requires a long term, multifaceted response.

1.9 Several submissions noted the importance of a comprehensive package of support to accompany the debit card as part of any effort to meaningfully respond to the harm caused by alcohol abuse.¹

1.10 Labor Senators note the Yalata Community Incorporation submission to the Senate Inquiry states that:

It is the strong view of Yalata and other Aboriginal leaders that the cashless debit card by itself will not address the problems caused by alcohol. The success of the trial will be determined by the other support measures that are implemented at the same time.²

1.11 The submission from Empowering Communities also includes the importance of additional community support:

The card alone will not solve the underlying factors which lead to drug, alcohol and gambling abuse, or the harm they cause.³

1.12 Labor Senators note the Memorandum of Understanding with Ceduna and the surrounding areas includes a reference to the development of a community support package, including with the South Australian Government.

1.13 Labor Senators noted that whilst there is a Memorandum of Understanding with Ceduna on the commencement of the debit card trial, other people who will likely be affected by the trial are yet to be fully consulted and are aware of the implications of the debit card.

1.14 Labor Senators are further concerned that many of the details about how the debit card will operate are yet to be finalised or sufficiently worked through, including how funds are managed, by which financial institution, privacy considerations and compliance monitoring.

1.15 Submissions from Financial Counselling Australia and Consumer Action Law Centre and the National Welfare Rights Network reference many of the details and issues that are yet to be worked through and made public.⁴

1.16 Labor Senators offer in principle support for a community panel model. However, it was noted that there is insufficient information from the Government about the role and responsibilities of such a panel. Labor Senators also noted that there was a lack of shared understanding about how a community panel could operate and when it might commence.

1 See: National Welfare Rights Network (NWRN), *Submission 17*, p. 11; Cape York Partnership (CYP), *Submission 25*, pp 11–12; Australian Council of Social Service (ACOSS), *Submission 27*, pp 3–4; North Australia Aboriginal Justice Agency (NAAJA), *Submission 29*, p. 4.

2 Yalata Community Incorporation, *Submission 6*, p. 1.

3 Empowering Communities, *Submission 22*, p. 2.

4 See: Financial Counselling Australia and Consumer Action Law Centre. *Submission 14*; NWRN, *Submission 17*.

1.17 Labor Senators are concerned that the debit card trial will apply to all people on a working age payment and notes that many people in receipt of income support payments are responsibly managing their payments and in the interests of their family and children, and that not all people may benefit from the debit card. We are also concerned that there is no mechanism to come off the debit card. We note that several submissions to the Inquiry are similarly concerned. We also note that the Memorandum of Understanding with Ceduna agrees that the debit card will apply broadly. We would however support further consideration as to whether or not people could be able to come off the debit card if they meet certain criteria. Labor Senators believe this could encourage positive change for people who may be on the debit card.

1.18 In Ceduna, and other possible trial communities where the trial may operate, it is not clear how people who are currently on income management will transition to the new debit card and if they will continue to receive any additional supports.

1.19 Labor Senators also do not believe that the case has been made as to why only alcohol and gambling products are prohibited items on the debit card and note that no persuasive evidence was provided as to why cigarettes and pornography should not be included. Cigarettes and pornography, as well as alcohol and gambling products, are excluded items as part of income management and in response to those items contributing to widespread community harm and harm to children.

1.20 Labor Senators note that there was insufficient evidence presented about how the trial will be robustly evaluated. A comprehensive evaluation is needed to ensure communities and governments are able to make informed decisions about the future of the trial.

1.21 Labor Senators note that Assistant Minister Tudge has provided additional information that respond to some of our concerns. However, given the late provision of this information, and it being provided outside of the Senate Inquiry processes, Labor Senators require additional time to properly assess whether the additional information responds sufficiently to the issues outlined.

1.22 Labor Senators are aware that the additional information provided on a possible support package does not include what supports may be provided to other communities who may participate in the trial, including the East Kimberley region. Information on consultations in the East Kimberley region is also not provided. Labor Senators would expect that information on all participating communities is provided prior to further action being taken on the legislation.

1.23 We note that the legislation will enable the card to be introduced in three locations and Labor Senators would want to be assured that proper process had been followed and that additional community supports will be in place for any additional locations as well.

Conclusion

1.24 Labor Senators support strong action to tackle alcohol abuse in communities where it exists.

1.25 However, before Labor will be prepared to support the Bill in the Senate, Labor Senators will need to be sufficiently satisfied that there has been sufficient consultations on the proposed trial; that the arrangements and operation of the new debit card have been finalised and made public; and there is a comprehensive and fully funded support package for trial communities to comprehensively tackle alcohol abuse and drive long term change.

1.26 Labor Senators also reject Assistant Minister Tudge's assertion that Labor does not support the community of Ceduna in its efforts to tackle alcohol abuse. This is completely false and could be seen as a deliberate attempt to avoid proper scrutiny of the proposed trial.

1.27 The Memorandum of Understanding for the trial in Ceduna sets out that the commencement date for the trial is February 2016. There remains adequate time for the Government to properly detail the operation of the debit card, agreement on trial parameters with additional trial communities, and for fulsome scrutiny by the Senate ahead of the legislation being voted on by the end of end of 2015.

Recommendation 1

1.28 The Bill is not progressed further until:

- **sufficient consultations have been carried out in all possible trial communities, and a consultation report with proposed trial communities is made public;**
- **a comprehensive package of supports is agreed, funded and made public, developed in consultation with the participating community, state and local governments and service and support providers;**
- **further consideration and consultations occur on whether or not people could be able to come off the debit card if they meet certain criteria;**
- **the details of the operation of the Bill, including possible community involvement in income quarantining decision making, how people will transition from income management, agreement on the financial institution, privacy considerations and compliance monitoring are resolved and made public; and**
- **a fulsome evaluation framework for all possible participating communities is established, in place and made public.**

Senator Carol Brown

Senator Nova Peris OAM

Senator Claire Moore

Dissenting Report Australian Greens

1.1 The Australian Greens do not support the majority report of the inquiry into the Social Security Legislation Amendment (Debit Card Trial) Bill 2015 (Bill).

1.2 Despite claims by the Government the proposed debit card is an extension of Income Management. Compulsory Income Management is a failed measure, which impacts negatively on the community and imposes significant costs on Government. Evidence provided through submissions and oral evidence to this inquiry show the fundamental problems in this approach. We thank submitters for the time and effort put into the many submissions the Committee received, including those who wished to provide evidence to the committee but were not able to do so in person.

1.3 While the Government has attempted to define this approach as 'a more mainstream delivery of welfare restrictions',¹ it is clear that the debit card trial is a form of income management, as recognised by a number of submissions to the committee.

1.4 The Law Society of New South Wales noted that 'the concept underpinning the proposal under the Bill is, in effect, compulsory income management',² and the Australian Council of Social Service (ACOSS) notes that 'The Bill provides for income management to apply to all people who rely on (nominated) income support payments in trial sites'.³

1.5 In his second reading speech, the then Parliamentary Secretary, the Hon Alan Tudge MP said:

The trial, expected to start in the first quarter of 2016, will make a vital contribution towards informing potential future arrangements for income management.⁴

Income management doesn't help those that need assistance

1.6 The Australian Greens argue that income management has proved to be an ineffective policy, and that it disempowers and harms those that need help the most.⁵ Submissions to the inquiry by peak social service organisations noted fundamental concerns with compulsory income management.⁶

1 Department of Social Services, *Submission 15*, p. [1–2].

2 Law Society of New South Wales, *Submission 28*, p. 2.

3 Australian Council of Social Services (ACOSS), *Submission 27*, p. 1.

4 *House of Representatives Hansard*, 19 August 2015.

5 Australian Greens, *Dissenting report: Social Services Legislation Amendment (No. 2) Bill 2015*, 15 June 2015.

6 National Welfare Rights Network, *Submission: Social Security Legislation Amendment (Debit Card Trial) Bill 2015*, p. 15; ACOSS, *Submission: Social Security Legislation Amendment (Debit Card Trial) Bill 2015*, p. 2.

1.7 A crucial issue is that despite the history of its imposition, there is no clear evidence that compulsory income management works, or improves the lives of those it affects.

1.8 A recent note by the Parliamentary Library found that 'The evaluation reports published to date have not provided strong evidence of benefit for those referred under the "membership of a class" measures', which would apply under this regime.⁷

1.9 A submission to the inquiry by academic Eva Cox concluded that:

Despite denials by the government, the evidence is that a universally applied limited access to cash does not restrict access to alcohol and drugs. The percentage differences are not likely to make much difference, nor the Bank versus Centrelink delivery...there is no valid evidence that the income management program, in its various forms, has improved the alcohol and related problems in the range of communities in the NT where it has been applied.⁸

1.10 One of the most extensive evaluations of income management is the evaluation of income management in the Northern Territory, commissioned by the then FaHCSIA. The report was completed by experts from the Social Policy Research Centre at UNSW, the Australian National University and the Australian Institute of Family Studies, over several years.⁹

1.11 The final report, building on extensive research, concluded:

The evaluation could not find any substantive evidence of the program having significant changes relative to its key policy objectives, including changing people's behaviours ... The evaluation data does not provide evidence of income management having improved the outcomes that it was intending to have an impact upon¹⁰

1.12 In oral evidence to the committee, one of the authors of that report confirmed the findings and relevance of that report:

...the evaluation of income management in the Northern Territory is very relevant to this particular trial. The measures are very, very similar in how they operate. There are some differences, but I think on balance the substance of the measures is very similar. It is basically putting some limitations on how some people can use some of their funds. Turning to what we found in the evaluation of new income management, the first was effectively that the program did not achieve its goals. It did not change behaviours and it did not improve outcomes.¹¹

7 Don Arthur, *Income Management: A Quick Guide*, Parliamentary Library, 2015, p. 6.

8 Eva Cox, Adjunct Professor, University of Technology Sydney, *Submission 24*, pp. 1-2.

9 J Rob Bray, Matthew Gray, Kelly Hand and Ilan Katz, *Evaluating New Income Management in the Northern Territory: Final Evaluation Report*, September 2014, pp. 2-3.

10 *Evaluating New Income Management in the Northern Territory*, pp. xxi-xxii.

11 Mr J Rob Bray, Australian National University, *Committee Hansard*, 11 September 2015, p. 6.

Consultation

1.13 In addition to broad concerns with income management, there are clear concerns with the processes associated with this measure. The inquiry process highlighted significant gaps in the consultation process, and a risk that individuals directly impacted by the measure may have not been adequately consulted or in fact consulted at all.

1.14 It is also clear that the Government has focussed consultation on Aboriginal peak organisations and some individual members of Aboriginal communities but has not consulted broadly with community members including those who are on income support.

1.15 The North Australian Aboriginal Justice Agency (NAAJA) stated:

It is clear from the consultation that NAAJA has been involved in that the Commonwealth does not have ready access to information which should have already have been provided to community organisations and trial participants ... We note that whilst there appears to have been extensive consultations with community organisations, government appears to have wholly failed to consult with potential trial participants.

This is reminiscent of the rollout of income management and the subsequent introduction of the BasicsCard ... we consider that the failure to consult with trial participants will mean that the Commonwealth is unaware of participant's views on any negative consequences of the trial, or strategies for overcoming them.¹²

1.16 In a supplementary submission, the National Welfare Rights Network (NWRN) noted that:

The effectiveness of the consultation arrangements for the trial is of significant concern and conjecture. Individuals impacted by the Debit Card trial have expressed dissatisfaction to the Committee and directly to the NWRN. The media has also reported a range of views about the consultation process to date. Documents provided to the Committee indicate that extensive consultations have taken place locally with organisations in and around Ceduna. Witnesses however were unable to advise of the number of people directly consulted who receive income support payments and who will be directly impacted by the trial.¹³

1.17 In its submission to the Committee the Shire of Halls Creek said:

To date consultation has been at a high level with groups and individuals considered by the DPM&C to have leadership roles in the various communities and in some cases local business operators. It appears to have been focused on Aboriginal people and relied on others to make contact with non-Aboriginal income support recipients rather than groups or leadership. Consultation does not appear to have been undertaken with the

12 *Submission 29*, p. 5.

13 *Supplementary Submission 17*, p. 2.

income support recipients who will be affected by the trials nor has any official information been made available to them. The media and word of mouth has been the only source of information for these people in the communities affected.¹⁴

1.18 The Shire of Halls Creek also noted that they had first heard of the trial through the media, and that from the timing between meetings and legislation 'it is clear that the views of the Shire of Halls Creek were not considered'.¹⁵

1.19 The Shire of Halls Creek has rejected the measure. They have set out several reasons for their decision, including: the evidence in the *Evaluation of New Income Management in the Northern Territory*; the practical impact of the measure on people who need cash for everyday transactions; the lack of other resources; and, the consultation process.¹⁶

1.20 The Shire of Halls Creek later wrote to the Committee, following statements by the Assistant Minister the Hon Alan Tudge MP in the media. They were concerned that the Assistant Minister may have had incorrect crime statistics, and wrote:

The Shire is genuinely concerned that the Assistant Minister would use incorrect statistics to defend the trials of a cashless debit card and that they would then be published in the national media. It is another example of the misuse of statistics to support a policy which will not achieve its stated intentions.¹⁷

1.21 Evidence in the Committee process and direct communication with members in the Ceduna community suggest that the consultation process has focused on select organisations, rather than talking to the people affected. Some community members have organised petitions and meetings in opposition to the measure.¹⁸ This is a strong response in a small community, where community leaders may have significant influence.

Implementation

1.22 It is obvious from this inquiry that the Government is still working out how this process will work. It's unclear how this debit card trial will be implemented in practice, which raises a number of unanswered questions. During the committee process, the Department of Social Services (DSS) were unable to identify which financial institution would be involved in the measure and hence unable to answer a number of questions about how the card system would work.¹⁹

14 Shire of Halls Creek, *Submission 32*, pp. 6-7.

15 *Submission 32*, p. 7.

16 *Submission 32*, pp. 1-2.

17 Shire of Halls Creek, correspondence, received 8 October 2015, p. 2.

18 Personal communication.

19 Dr Roslyn Baxter, Group Manager, Families Group, Department of Social Services (DSS), *Committee Hansard*, 11 September 2015, p. 54.

1.23 Among the practical concerns raised during the inquiry process were:

- Minimum purchase amounts: Many merchants require a minimum transaction, which will place an additional burden on participants.
- Merchant surcharges and card fees: Many merchants charge an additional amount for using EFTPOS or other payment systems. The Government has confirmed that it will not be able to offset the cost of merchant surcharges applying to transactions by trial participants.²⁰ This is an additional cost imposed because of the trial, which reduces the amount available to individuals reliant on income support. For people on income support every dollar is important.
- Accessing funds while waiting for a replacement card: Participants waiting for a replacement card may be unable to access their funds, which can cause significant hardship for individuals without strong supports.
- Identifying debit card trial participants: One argument put forward for the debit card is that it will not involve the stigma associated with the BasicsCard. However a DSS factsheet identifies the possibility that merchants who sell alcohol or gambling products as well as other goods may enter into a contract to accept the card, while preventing participants from purchasing alcohol or gambling products.²¹ It is unclear how this would operate in practice, and whether some form of identification will be required, that will identify (and potentially stigmatise) participants using the card.
- The costs associated with potentially being required to operate two bank accounts.
- The practical challenges associated with undertaking informal transactions around cash, such as providing money for gifts, splitting bills when using cash, or buying cheaper second-hand goods.²²
- How the proposed community panels will operate. The government has proposed that 'community panels' can reduce the portion of an individual's payment that is quarantined, but there is no information on how the panels will be selected or their guidelines.²³ This means there is significant uncertainty about what effect they'll have, and how representative of the community they will be.

1.24 The fact that these issues haven't been fully resolved, and the potential problems dealt with, may have a daily negative effect for people who are forced to access their income support through the debit card. That they haven't been fully

20 DSS, response to questions on notice, 25 September 2015, (received 6 October 2015), p. 7.

21 Australian Government, *Cashless Debit Card Trial – Merchant Information*, 24 August 2015, https://www.dss.gov.au/sites/default/files/documents/08_2015/cashless-debit-card-trial-merchant-information-aug_24_2.pdf (accessed 12 October 2015).

22 See: NWRN, *Submission 17*.

23 DSS, response to questions on notice, 25 September 2015, (received 6 October 2015), p. 10.

identified and dealt with, when legislation for the trial has already been introduced into the Parliament, is an additional concern for the Australian Greens. It is likely that the Senate will be asked to vote on this legislation before these issues are resolved. This is unacceptable.

Indirect discrimination

1.25 A number of submissions noted concerns that the trial sites disproportionately impacted Aboriginal communities.²⁴ In its report, the Parliamentary Joint Committee on Human Rights noted that:

...international human rights law recognises that a measure may be neutral on its face but in practice have a disproportionate impact on groups of people with a particular attribute such as race, colour, sex, language, religion, political or other status. Where this occurs without justification it is called indirect discrimination. Indirect discrimination does not necessarily import any intention to discriminate and can be an unintended consequence of a measure implemented for a legitimate purpose. The concept of indirect discrimination in international human rights law therefore looks beyond the form of a measure and focuses instead on whether the measure could have a disproportionately negative effect on particular groups in practice.

...the Parliamentary Secretary to the Prime Minister's Second Reading speech stated that Ceduna in South Australia will be the first site under the trial to commence, and that advanced discussions were under way with leaders in the East Kimberly region to trial the arrangement. A high proportion of the population of Ceduna and the East Kimberley region are Indigenous, many of whom are receiving social security benefits. It therefore appears likely that the measures may disproportionately impact on Indigenous persons, and as such may be indirectly discriminatory unless this disproportionate effect is demonstrated to be justifiable. This has not been explored in the statement of compatibility.²⁵

Evaluations

1.26 The measure has been identified as trial, and the then Parliamentary Secretary the Hon Alan Tudge MP said that it will be used to inform future income management. But there are major problems with how the trial would be evaluated.

1.27 Experts from earlier evaluations highlighted the practical challenges in evaluating income management measures, including obtaining data, measuring a baseline, and finding a comparison which received similar support but did not

24 NWRN, *Submission 17*, p. 13-14; Law Society of New South Wales, *Submission 28*, pp. 4-5.

25 Parliamentary Joint Committee on Human Rights, *Twenty-seventh report of the 44th Parliament*, 8 September 2015, p. 27.

participate.²⁶ DSS has not yet identified how these issues will be resolved, or which communities will serve as points of comparison.²⁷

Support services

1.28 Real help for people in communities means providing services they need, not cutting off access to cash for everyday transactions. While the Australian Greens welcome the announcement of funding for services in Ceduna,²⁸ these drug and alcohol services and other supports shouldn't be limited to communities undertaking the trial. Communities across Australia need well-funded, adequate social services that genuinely help those struggling with substance abuse. These should be provided regardless of whether the communities partake in particular trials, and regional, rural and urban communities across Australia deserve better support from the Government.

Recommendation 1

1.29 The Australian Greens do not support the recommendation in the Committee's majority report.

Recommendation 2

1.30 The Australian Greens recommend that the Bill not be passed.

1.31 Communities facing significant challenges need genuine social services that help individuals deal with the challenges they are facing. The Government should abandon its punitive, ideologically driven approach that hurts rather than helps.

Senator Rachel Siewert

26 See: Mr J Rob Bray, Professor Illan Katz, Adjunct Professor Eva Cox, *Committee Hansard*, 11 September 2015.

27 Dr Roslyn Baxter, Group Manager, Families Group, DSS, *Committee Hansard*, 11 September 2015.

28 The Hon Alan Tudge MP, *Additional services for Ceduna as part of welfare card trial*, media release, 8 October 2015, <http://alantudge.dpmc.gov.au/media/2015-10-08/additional-services-ceduna-part-welfare-card-trial> (accessed 12 October 2015).

APPENDIX 1

Submissions and additional information received by the Committee

Submissions

- 1** District Council of Ceduna
- 2** Mr Peter Pav
- 3** Name Withheld
- 4** Name Withheld
- 5** East Kimberley Chamber of Commerce and Industry
- 6** Yalata Community Inc
- 7** Ms Suzanne Haseldine and Ms Susan Thiselton
- 8** Mr Grant Thiselton
- 9** St Vincent De Paul
- 10** Wunan Foundation
- 11** Ms Patricia Lucas
- 12** Ceduna Aboriginal Corporation (plus eight attachments)
- 13** Australian Association of Social Workers
- 14** Financial Counselling Australia and Consumer Action Law Centre
- 15** Commonwealth Government Department of Social Services
- 16** Liquor and Gambling Commissioner
- 17** National Welfare Rights Network (plus a supplementary submission)
- 18** Carers Australia
- 19** Dr Shelley Bielefeld
- 20** Office of the Australian Information Commissioner
- 21** Office of the Commonwealth Ombudsman
- 22** Empowered Communities

- 23 Australian Bankers' Association
- 24 Adjunct Professor Eva Cox
- 25 Cape York Partnership
- 26 Mr Andrew Forrest
- 27 Australian Council of Social Service (plus two attachments)
- 28 Law Society of New South Wales
- 29 North Australian Aboriginal Justice Agency (plus three attachments)
- 30 Ms Rosemary Manchin
- 31 Aboriginal Health Council of Western Australia
- 32 Shire of Halls Creek
- 33 Australian Human Rights Commission
- 34 United Sole Parents of Australia

Answers to Questions on Notice

- 1 Answers to Questions taken on Notice during 11 September public hearing, received from Department of Social Services, 25 September 2015
- 2 Answers to Questions taken on Notice during 11 September public hearing, received from Professor Ilan Katz and Mr Rob Bray, 1 October 2015
- 3 Answers to written Questions on Notice, received from Department of Social Services, 6 October 2015

Tabled Documents

- 1 Seven years of evaluating income management, what have we learned?, tabled by Centre for Aboriginal Economic Policy Research, at Canberra public hearing 11 September 2015
- 2 Consultations in Ceduna and the East Kimberley, tabled by Department of the Prime Minister and Cabinet, at Canberra public hearing 11 September 2015

APPENDIX 2

Public hearings

Friday, 11 September 2015

Parliament House, Canberra

Witnesses

**LANGTON, Professor Marcia AM, Chair of Australian Indigenous Studies,
Melbourne School of Population and Global Health**

Centre for Aboriginal Economic Policy Research

BRAY, Mr Jonathan Robbie (Rob), Research Fellow

Social Policy Research Centre, University of New South Wales

KATZ, Professor Ilan Barry

District Council of Ceduna

SUTER, Councillor Allan John, Mayor

Ceduna Business and Tourism Association

REDFORD, Mr Ron, Vice-President

PAV, Mr David Paul, Private capacity

PAV, Mr Peter, Private capacity

HASELDINE, Mrs Suzanne, Private capacity

THISELTON, Mrs Susan, Private capacity

Jumbunna Indigenous House of Learning, University of Technology Sydney

COX, Professor Eva, AO

Ceduna Community Heads Working Group

FRANKS, Mr Gregory John, Chief Executive Officer, Yalata Community Inc.

**McLENNAN, Mr Corey, Chief Executive Officer, Koonibba Community Aboriginal
Corporation**

**HAYNES, Mr Michael Thomas, Chief Executive Officer, Ceduna Aboriginal
Corporation**

MILLER, Mr Peter Phillip, Chairperson, Ceduna Aboriginal Corporation

Ceduna Aboriginal Corporation

MILLER, Mr Wayne Maurice, Community Engagement and Governance Officer

Minderoo Foundation

FORREST, Mr John Andrew, Chairman

Wunan Foundation

TRUST, Mr Ian Richard, Executive Director

Yawoorroong Miriuwung Gajerrong Yirrgeb Noong Dawang Aboriginal Corporation

HILL, Mr Desmond George, Chairperson

East Kimberley Chamber of Commerce and Industry

PAUL, Mr Wayne, Board Member

PUCCI, Mrs Michele, Board Member

Department of Social Services

BAXTER, Dr Roslyn, Group Manager, Families Group

JOHNSTON, Mr Mathew, Executive Manager, Welfare Debit Card Taskforce

Department of the Prime Minister and Cabinet

EDWARDS, Ms Caroline, First Assistant Secretary, Community Safety and Policy

MATTHEWS, Mr Gavin, Assistant Secretary, Community Safety Branch